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BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC WGR 1/171

27 August 1962

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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Summary of Events*
10-23 August 1962

On 3 August an East German industrial exhibition opened in Sao Paulo, Brazil. The exhibition, which will run through 26 August, includes models of complete industrial plants. Although aware that the Brazilians are chiefly interested in finding new markets for their own surpluses, the East Germans may feel that explicit Brazilian willingness to expand trade with Bloc countries and the heavy import taxes imposed by Common Market countries on coffee may augur well for increased East German - Brazilian trade.

Since late in July a large number of Soviet ships have been delivering military equipment to Cuban ports. Part of the cargo reportedly has consisted of electronics vans, tanks, and many loaded trucks. Soviet military technicians and construction personnel also have been arriving recently in Cuba. The time of arrival of these deliveries indicates that agreement on this equipment was reached before Raul Castro's mid-July visit to Moscow.

Iraq's Economic Planning Board has approved the Czechoslovak project report on the Samarra power station, and the Czechoslovaks have been authorized to proceed with the project's second stage, which involves the preparation of designs and technical specifications. If the Planning Board accepts subsequent Czechoslovak estimates for constructing the power station, construction presumably will be carried out under the 1960 Czechoslovak credit of \$33.6 million, only a small part of which has so far been used.

Algeria has received substantial relief aid from the USSR, Poland, and Bulgaria and reportedly also is to receive assistance from Communist China. Ten thousand tons of Soviet food; a medical team, foods, and medicines from Poland; and a medical group from Bulgaria have already arrived, and China has announced its intention of sending 12,000 tons of wheat, rolled steel, and medicines.

* An unclassified appendix summarizing Bloc economic credits and grants extended to underdeveloped countries, 1 January 1954 - 30 June 1962, is included in this issue on p. 8.

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The Republic of Somali has accepted a Soviet offer to train 50 pilots and mechanics in the USSR within the next 2 years. The Somali defense establishment apparently accepted the Soviet offer without the approval of the Council of Ministers, and the Prime Minister was forced into backing the military after the UK and Italy did not provide satisfactory offers of pilot training.

Following a visit to Eastern Europe, Tanganyika's Prime Minister Bomani stated that Polish and Czechoslovak missions, soon to arrive in Tanganyika, would negotiate agreements for developmental and technical aid.

A meeting on 24 July between Soviet Deputy Premier Mikoyan and Brigadier Aung Gyi, present acting head of the Burmese Union Revolutionary Council, reportedly has resulted in agreement on the construction of a chemical fertilizer plant in Burma. As it becomes more evident that the Revolutionary Government is prepared to resume the acceptance of foreign economic aid, some Burmese are reported to express concern over the increasing Bloc share in such assistance.

India's Defense Minister Menon has announced that India, under an agreement signed with the USSR, is to produce Soviet jet engines for installation in the Indian-designed HF-24 supersonic fighter. This is the first instance of an agreement by the USSR to license the manufacture of Soviet military equipment outside the Bloc. An Indian delegation is now in Moscow negotiating the purchase and manufacture of MIG aircraft.

A Chinese Communist offer to build at least five airstrips in Nepal has been accepted by the Nepalese Government. Chinese strategic interest in the project may be related to the reported location of three of these airports near the Sino-Nepalese border. Although the airstrips probably will not be asphalted, they will provide greatly improved access to several more remote areas of the kingdom.

Fourteen Pakistani students are to leave for technical training in the USSR as part of the \$30 million Soviet agreement for technical aid to Pakistan in oil exploration.

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APPENDIX

Sino-Soviet Bloc Economic Credits and Grants
 Extended to Underdeveloped Countries of the Free World a/*
 1 January 1954 - 30 June 1962

Million Current US \$			
<u>Area and Country</u>	<u>Total</u>	<u>Credits</u>	<u>Grants</u>
Total	<u>4,904</u>	<u>4,748</u>	<u>156</u>
<u>Latin America</u>	<u>567</u>	<u>567</u>	<u>0</u>
Argentina	104	104	0
Bolivia	2	2	0
Brazil	4	4	0
Cuba	457	457	0
<u>Middle East</u>	<u>1,133</u>	<u>1,127</u>	<u>6</u>
Cyprus	1	1	0
Iran	6	6	0
Iraq	216	216	0
Syrian Arab Republic	178	178	0
Turkey	17	17	0
United Arab Republic (Egypt)	671	666	5
Yemen	44	43	1
<u>Africa</u>	<u>678</u>	<u>664</u>	<u>14</u>
Ethiopia	114	112	2
Ghana	200	200	0
Guinea	125	119	6
Mali	100	100	0
Morocco	5	5	0
Somali Republic	63	57	6
Sudan	25	25	0
Tunisia	46	46	0

* Footnotes for the appendix follow on p. 9.

Sino-Soviet Bloc Economic Credits and Grants
 Extended to Underdeveloped Countries of the Free World a/
 1 January 1954 - 30 June 1962
 (Continued)

Million Current US \$			
<u>Area and Country</u>	<u>Total</u>	<u>Credits</u>	<u>Grants</u>
<u>Asia</u>	<u>2,410</u>	<u>2,274</u>	<u>136</u>
Afghanistan	<u>2,515 b/</u>	515 b/	0
Burma	93	93	0
Cambodia	65	8	57
Ceylon	58	42	16
India	950	946	4
Indonesia	641	640	1
Nepal	55	0	55
Pakistan	33	30	3
<u>Europe</u>	<u>116</u>	<u>116</u>	<u>0</u>
Iceland	5	5	0
Yugoslavia	111	111	0

- a. Not including military credits and grants.
 b. Although some grant aid is included, a breakdown is not possible.

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